



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PRO

25 April 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-28, Purchase Card Reengineering Implementation Memorandums

1. References:

a. Memorandum, Comptroller, 17 October 1996, subject: Purchase Card Reengineering Implementation Memorandum #1: Certifying Officer Guidance (encl 1);

b. Memorandum, Comptroller, 12 November 1996, subject: Purchase Card Reengineering Implementation Memorandum #2: Conversion of DoD Purchase Cards to New Contractor-Offered Platform (encl 2);

c. Memorandum, Comptroller, 27 March 1997, subject: Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures (encl 3).

2. Memorandum #1 was previously e-mailed in draft form and also provided to Agency Program Coordinators at the IMPAC training at DFAS Indianapolis 24-26 March. Installation commanders will delegate authority to Directors of Contracting to appoint Approving Officials as certifying officer for payment of IMPAC billing statements. All certifying officer appointments should be completed prior to the conversion to First Bank's Corporate Payment System (CPS) on or about 7 June 1997.

3. Memorandum #2 describes the conversion of DoD purchase cards from Rocky Mountain Bank System's data platform to that of their parent company's CPS data platform. The conversion is necessary to offer revolving account balances, convenience (VISA) checks, and billing at the approving official level. Policy is forthcoming from OSD regarding use of convenience checks.

4. Enclosure to Memorandum #3 gives DoD policy on advance reservations of funds, summary accounting, automated purchase card management and reconciliation system, payment certification, and delayed dispute procedures. These policies are effective immediately and should be adhered to in day-to-day operations.

AFLG-PR

SUBJECT: Contracting Information Letter (CIL) 97-28, Purchase Card Reengineering Implementation Memorandums

5. Army cardholders and Approving Officials shall use the Military District of Washington's Purchase Card Management System (PCMS) to automate the reconciliation process and provide "Checkbook" accounting. The system will be capable of downloading an automated statement of account and routing reconciled electronic statements to the cardholder's designated paying office. The interface is scheduled to be in place by 30 September 1997. The PCMS can be downloaded from the Internet (<http://www.purchasecard.dfas.mil>).

6. For additional information regarding this CIL, please contact Mrs. Pat Boterweg, DSN 367-5486 or commercial (404) 464-5486.



TONI M. GAINES
Chief, Contracting Division, DCSL&R
Principal Assistant Responsible
for Contracting

3 Encls
as

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REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

3 APR 1997

SARD-PI

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Purchase Card Reengineering Implementation Memorandum #1:
Certifying Officer Guidance

The attachment to the enclosed USD(C) memorandum dated October 17, 1996, subject as above, lists one of the responsibilities of the Commander/Director as having to appoint purchase card agency/activity program coordinator and applicable approving officials/purchase card certifying officials within their organization. Commander/Director is defined as an individual assigned as a commander-in-chief, commanding officer, base commander, installation commander, director of a defense activity, officer-in-charge, or equivalent civilian head.

The Army Supplement to the Federal Acquisition Regulation at Subpart 13.90, Government Purchase Cards, designates the Chiefs at Contracting Offices as the responsible individual to designate the local agency program coordinator and approving officials. However, there is no authority for the chief of the contracting office to appoint a purchase card certifying official. Since the certifying official will be the same individual as the approving official, it is recommended that subordinate commands and installations have the appropriate Commander/Director delegate appointment authority to the chief of the contracting officer. Once this is accomplished, a single memorandum of appointment can be issued designating the purchase card approving/certifying official. Signature cards (DD Forms 577) are to be initiated and together with the appointment letter will be forwarded to appropriate payment offices.

A suggested format for the letter of delegation is provided below for appropriate use:

Under the authority granted in USD(C) memorandum dated October 17, 1996, subject: Purchase Card Reengineering Implementation Memorandum #1: Certifying Officer Guidance, I hereby delegate purchase card certifying officer appointment authority to Chiefs of Contracting Offices. The appointment

Encl 1

language provided in the sample memorandum at enclosure 1 to the above reference may be added to the memorandum of appointment as approving official.

This memorandum was coordinated with the offices of Army General Counsel and Assistant Secretary of the Army (Financial Management & Comptroller). Questions on the above guidance should be addressed to Mr. Bruce E. Sullivan, Department of the Army Purchase Card Program Coordinator, (DSN) 761-7564 or commercial (703) 681-7564 or e.mail at sullivab@sarda.army.mil.


Thomas W. Colangelo
Chief, Procurement Initiatives

Enclosure

DISTRIBUTION:

Assistant Deputy Chief of Staff for Acquisition and Contracting, HQ, U.S. Army Materiel Command, ATTN: AMCAQ, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Acting Chief, Assessment & Evaluation Division, HQ, U.S. Army Materiel Command, ATTN: AMCAQ-E, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Executive Director, Acquisition Center, U.S. Army Aviation and Troop Command, ATTN: AMSAT-A-Z, 4300 Goodfellow Boulevard, St. Louis, MO 63120-1798

Commander, U.S. Army Chemical and Biological Defense Command, ATTN: AMSCB-PO, Building E5101, Aberdeen Proving Ground, MD 21010-5423

Director, CECOM Acquisition Center, U.S. Army Communications Electronics Command, ATTN: AMSEL-AC, Fort Monmouth, NJ 07703-5000

Deputy Chief of Staff for Acquisition, U.S. Army Industrial Operations Command, ATTN: AMSIO-AC, Rock Island, IL 61299-6000

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COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



OCT 17 1996

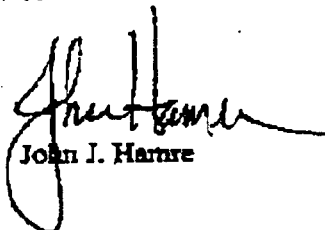
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Purchase Card Reengineering Implementation Memorandum #1: Certifying
Officer Guidance

In order to facilitate the ongoing effort to reengineer the purchase card process, and implementation of Certifying Officer Legislation, attached is certifying officer guidance for the Department's purchase card program. This guidance provides for the minimum qualification for a certifying officer; responsibilities for a certifying officer, commander, disbursing officer, agency/activity program coordinator, and cardholder; the selection and appointment process for a certifying officer; and inherent liability.

The guidance is effective immediately and is applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Unified Combatant Commands; the Inspector General of the DoD; the Defense Agencies and the DoD Field Activities (hereafter referred to collectively as "DoD Components"). The Heads of the DoD Components shall ensure that this guidance is adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems.

My point of contact for this guidance is MAJ Brian Lee. He may be reached at (703) 697-8283, DSN 227-8283, or e-mail at leeb@cusdc.osd.mil.


John J. Hamre

Attachment

DEPARTMENT OF DEFENSE PURCHASE CARD PROGRAM
AND
CERTIFYING OFFICERS

A. PURPOSE

To provide certifying officer policy and procedures as related to the Department of Defense (DoD) Purchase Card Program. The policy and procedures include: (1) minimum required qualifications for a certifying officer; (2) selection and appointment process; (3) responsibilities of a certifying officer; and (4) pecuniary liability of a certifying officer. For purposes of the Department's purchase card program, the approving official shall be appointed, in writing, as a purchase card certifying officer.

B. DEFINITIONS

1. Agency/Activity Program Coordinator. An individual designated by the ordering agency/activity to perform contract administration within the limits of delegated authority.
2. Approving Official. An individual who has responsibility for one or more government purchase card cardholders.
3. Cardholder. An individual designated by an agency/activity to be issued a government purchase card.
4. Certification. The act of attesting to the legality, propriety and correctness of a document for payment as provided for in 31 U.S.C. 3528(a).
5. Purchase Card Certifying Officer. A DoD military member or civilian employee of the Department appointed in writing to certify the official invoice for payment.
6. Commander/Director. An individual assigned as a commander-in-chief, commanding officer, base commander, installation commander, director of a defense activity, officer-in-charge, or equivalent civilian head.
7. Designated Billing Office. An office designated by the ordering agency/activity to receive the official invoice.
8. Disbursing. The act of paying public funds to entities for whom the government is indebted; the collection and deposit of moneys; the safeguarding of public funds; the documenting, recording, and reporting of these transactions.
9. Disbursing Officer. A DoD military member or civilian employee of the Department who is appointed, in writing, to disburse and collect moneys and render accounts in accordance with laws and regulations governing the disbursement of public funds.

10. Electronic Certification. An approved electronic signature adopted by a purchase card certifying officer that is unique to the purchase card certifying officer, capable of verification by the disbursing officer, under the sole control or custody of the purchase card certifying officer, and linked to the data certified in such a manner that if the data are changed, the electronic signature is invalidated.

11. Official Invoice. A document requesting payment be made to the government purchase card contractor. The official invoice covers one approving official and one or more cardholders per billing period. The official invoice is certified for payment by the purchase card certifying officer.

12. Paying Office. The disbursing office making payments against an official invoice certified by an approved purchase card certifying officer. The paying office is not the designated billing office.

C. QUALIFICATIONS

1. Purchase Card Certifying Officer. A purchase card certifying officer should be a supervisor and should meet the following minimum requirements: (a) knowledge of procurement rules that govern authorized government purchase card purchases; and (b) appropriate training in the preparation of a document for payment.

2. Commander/Director. A commander/director, or designee, should meet the following minimum requirements: (a) knowledge of appropriations or funds and accounting classifications; and (b) knowledge of obligation and payment submission processes.

D. PURCHASE CARD CERTIFYING OFFICER SELECTION AND APPOINTMENT

A purchase card certifying officer appointment shall be accomplished by issuance of a letter of appointment and completion of a Signature Card (DD Form 577). The appointment letter and DD Form 577 specifically shall identify the types of payments to be certified. Samples of an appointment letter and a signature card are at enclosures 1 and 2. The completed purchase card certifying officer letter of appointment and DD Form 577 shall be forwarded to the designated paying office.

E. RESPONSIBILITIES

1. Purchase Card Certifying Officer. A Purchase Card Certifying Officer is liable for an illegal, improper, or incorrect payment processed by the Department as a result of an inaccurate or misleading certification. Specifically, a Purchase Card Certifying Officer is responsible for:

a. Ensuring that the transactions meet the legal requirements for authorized purchase card purchases;

- b. Ensuring that adequate documentation is available for individual transactions;
- c. Ensuring the facts presented in documents for payment are complete and accurate;
- d. Taking appropriate action to prevent two or more payments for the same transaction;
- e. Proper implementation of dispute procedures when transactions are questioned;
- f. Certifying and forwarding, to the paying office for payment, the official invoice, including a certification statement. A sample certification statement is included at enclosure 3.

2. Commander/Director. A commander/director, or designee, is responsible for:

- a. Ensuring that a legal and appropriate appropriation or fund citation is assigned to every cardholder account;
- b. Ensuring that an adequate system of control is in place for each cardholder who will make purchases against more than one appropriation or fund citation;
- c. Establishing procedures and internal controls that ensure sufficient funds have been reserved or committed to cover anticipated expenditures for each cardholder during a designated period, such period not to be less than one month or greater than six months;
- d. Establishing procedures and internal controls for the reservation or commitment of additional funds should a cardholder breach the established reservation or commitment limit at any time during the designed period;
- e. In conjunction with the Defense Finance and Accounting Service, establishing procedures to ensure computation and payment in accordance with the Prompt Payment Act, to include the acknowledgment of authorization to pay interest penalty payments;
- f. Appointing the agency/activity program coordinator and applicable approving officials/purchase card certifying officials within their organization;
- g. Ensuring that adequate training is given to prospective cardholders and approving officials prior to card distribution and use.

3. Disbursing Officer. A disbursing officer is responsible and accountable for: (a) disbursing money only as provided by documents duly certified by an authorized purchase card certifying officer; (b) examining documents to decide if they are in proper form, computed

correctly on the facts certified, and certified and approved by an authorized purchase card certifying officer; and (c) returning to the purchase card certifying officer any official invoice received which is not in the proper form, is incomplete, or is not properly certified.

4. Agency/Activity Program Coordinator. An agency/activity program coordinator has overall responsibility for the coordination of the government purchase card program within the agency/activity.

5. Cardholder. A cardholder's responsibility includes, but is not limited to, reconciling the monthly statement of cardholders account with supporting documents. In addition, a cardholder signs the monthly statement and forwards it to the purchase card certifying officer for appropriate action.

F. PECUNIARY LIABILITY OF CERTIFYING OFFICERS

A purchase card certifying officer is pecuniarily liable for payments in accordance with the provisions of 31 U.S.C. 3528.

(USE APPROPRIATE LETTERHEAD)
SAMPLE

MEMORANDUM FOR ERNEST C. BANKS, CAPT, USAF

SUBJECT: Appointment as Certifying Officer

You presently occupy a position wherein your duties include the functions of a purchase card certifying officer. This memorandum is formal notification that you are hereby appointed as a purchase card certifying officer to (Note: insert location and address of disbursing office(s) to whom certification will be made).

As a purchase card certifying officer you will be responsible for certifying payment vouchers and documents for the following types of payments: Government Purchase Card Contractor invoices covering purchases and services obtained with the Government purchase card.

You must become thoroughly familiar with your responsibilities and accountability. You must acknowledge this appointment and that you have read and understand your responsibilities and accountability by signature below. In addition, you must complete DD Form 577, Signature Card for each disbursing office identified above. After completion, a signed copy of this appointment and the completed DD Form 577 must be returned to me for approval and forwarded to the disbursing office(s) noted above. For all documents you certify under this appointment, your signature must be in the form indicated by you in block 5 of the DD Form 577.

Ralph E. Kiner
Col, USAF
Commander

ACKNOWLEDGMENT

By signature hereon, I acknowledge my appointment as a certifying officer. I have read and understand my responsibilities and accountability. I understand my right to request relief of liability for any payment I certify that is determined to be illegal, improper, or incorrect. I further understand that this appointment will remain in effect until revoked in writing by you (or your successor).

Attached for your approval is the completed DD Form(s) 577, Signature Card

Ernest C. Banks
Capt. USAF

Enclosure 1

1. NAME (Type or print)	2. PAY GRADE	3. DATE
4. OFFICIAL ADDRESS		
5. SIGNATURE		
6. TYPE OF DOCUMENT OR PURPOSE FOR WHICH AUTHORIZED		
THE ABOVE IS THE SIGNATURE OF THE AUTHORIZED INDIVIDUAL		
7. NAME AND GRADE OF COMMANDING OFFICER (Type or print)		8. PAY GRADE
9. SIGNATURE OF COMMANDING OFFICER		

DD Form 577, MAY 88

Previous edition may
be used until exhausted.

SIGNATURE CARD

Enclosure 2

Plain Language Responsibilities: Purchase Card Certifying Officer

I certify on date that the purchases and amounts shown documented on this statement:

1. Are correct and were required to fulfill immediate mission requirements of my organization.
2. Do not exceed spending limits approved by the Resource Manager.
3. Are not for my personal use or the personal use of the receiving individual.
4. Are not items that have been specifically prohibited by my organization or by statute (ex. rents, real estate, transportation and travel, telecommunications).
5. Are not part of a system or larger purchase exceeding \$100,000 in value.
6. Have not been split into smaller segments to stay under the micro purchase limit (\$2500).

(Continued on back)

In making this certification, I understand that I will be responsible for repaying my organization for any purchases that do not meet the above requirements as determined by later audit and/or reconciliation. I also understand that the disbursing officer will charge for late interest payment penalties.

Signature



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UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

NOV 12 1996



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Purchase Card Reengineering Implementation Memorandum #2: Conversion of
DoD Purchase Cards to New Contractor-Offered Platform

In order to achieve, in the near term, several of the reengineered business processes envisioned in the Joint Report of the Purchase Card Financial Management Team and the Purchase Card Integrated Product Team, it is necessary to make a change in the hardware and software platform used to support the International Merchant Purchase Authorization Card (I.M.P.A.C.). The current platform, operated by the Rocky Mountain BankCard System (RMBCS), lacks an ability—without a long and costly reprogramming effort—to offer revolving account balances, convenience checks, or billing at the approving official level (which is linked to the implementation of the certifying official requirements announced in Purchase Card Reengineering Implementation Memorandum #1). However, RMBCS' parent bank, First Bank System (FBS), offers all of these enhancements and more on the Corporate Payment System (CPS) platform used by FBS' commercial clients.

As a result of discussions with FBS and General Services Administration (GSA) officials, I have asked the GSA to initiate a modification of the RMBCS contract that enables the Department to migrate its card base to the CPS platform (and reissue its 75,000+ cards) as soon as possible. We anticipate a phased implementation to the new platform—with the Department of the Army in the first wave—commencing no later than April 1, 1997, and ending in September 1997.

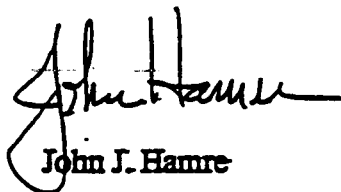
The FBS has established an interdisciplinary team to focus its corporate resources on the timely achievement of all milestones related to this conversion. The FBS has asked the Department likewise to establish a small ad hoc conversion team to facilitate decisions on available options and resolve any issues that may arise. In this regard, I encourage you to nominate a

UW 95 11:13

Encl 2

representative who can make procedural level decisions for your Component as this conversion unfolds. This is a part-time need of limited duration. It is expected that most business will be conducted by fax and/or e-mail; meetings will be few in number, at the call of the chairperson.

I have asked Mr. Ronald L. Adolphi, Deputy Director for Accounting Policy, to chair the DoD conversion team. Please contact him directly with any questions and identify to him the name of any nominee, including rank/grade, title, office telephone and fax numbers and e-mail address. Mr. Adolphi may be reached at (703) 697-0536, DSN 227-0536 or e-mail: adolphi@ousdc.osd.mil. Please respond no later than November 11, 1996.



John J. Hamre



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



MAR 27 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
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ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
DIRECTOR, DEFENSE MANPOWER DATA CENTER

SUBJECT: Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures

The "Joint Report of the Purchase Card Financial Management Team and the Purchase Card Integrated Product Team to the Under Secretary of Defense (Acquisition and Technology) and the Under Secretary of Defense (Comptroller)" proposed new practices for the advance reservations of funds, summary level recording of financial data, use of automated purchase card management and reconciliation systems, delinquent dispute and payment certification at the approving official level.

The attachment to this memorandum promulgates the policies necessary to establish these practices across the Department of Defense (DoD). These policies are applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Unified Combatant Commands; the Inspector General of the DoD; the Defense Agencies and the DoD Field Activities. The Heads of the DoD Components shall ensure that this guidance is adhered to in day-to-day operations and in the design, modification, and maintenance of the DoD Component's procurement and financial management systems.


My staff contacts are Mr. Ronald D. Good and Major Brian Lee. They may be reached respectively at e-mail: goodr@ousdc.osd.mil and leeeb@ousdc.osd.mil. They also may be reached respectively at (703) 697-0585 or (703) 697-8283 (DSN prefix 227).

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

✓

To <u>Bruce Sullivan</u>	From <u>Kathy Miller</u>
Dept./Agency <u>681 - 7580</u>	Phone <u>697-0757</u>
Ext #	Ext #


John J. Hamre

**DEPARTMENT OF DEFENSE POLICIES
FOR ADVANCE RESERVATIONS OF FUNDS,
ACCOUNTING TREATMENT AND BILLING STATEMENT PROCESSING
FOR MICRO-PURCHASE TRANSACTIONS
USING THE GOVERNMENT PURCHASE CARD**

A. PURPOSE

To establish policies for the Department of Defense (DoD) Purchase Card Program relative to the advance reservation of funds, summary level recording of financial data, use of an automated purchase card management and reconciliation system, payment certification at the approving official level, and delayed disputes.

B. APPLICABILITY AND SCOPE

These policies are applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Unified Combatant Commands; the Inspector General of the DoD; the Defense Agencies and the DoD Field Activities (hereafter referred to collectively as the "DoD Components").

C. RESPONSIBILITIES

1. The Under Secretary of Defense (Comptroller) shall develop, administer, maintain and monitor compliance with, and grant exceptions (as appropriate) to, all financial management policies for the Purchase Card Program.

2. The Heads of DoD Components shall implement, ensure compliance with, and recommend changes to these financial management policies for the Purchase Card Program.

3. The Director, Defense Finance and Accounting Service (DFAS) shall develop implementing procedures and prepare necessary changes to the "DoD Financial Management Regulation" (DoD 7000.14-R).

D. POLICIES

1. Advance Reservations of Funds

a. Advance reservations of funds shall be used in conjunction with all purchases made using purchase cards. Depending upon the prevailing DoD Component business practice, advance reservations of funds shall take the form of bulk commitments or bulk obligations. They shall be established via commitment and/or obligation documents covering all purchase cards used for micro-purchases. Advance reservations of funds shall be established by the cognizant resource manager (or equivalent), in conjunction with the assigned Purchase Card Program agency program coordinator (APC), and should be considered when setting office and cardholder purchase limits. The use of advance reservations of funds should ensure positive funds control and preclude expenditures from exceeding obligations.

b. Bulk funding for purchase cards shall be aggregated when multiple cards will be posted against the same line of accounting. Unique document reference numbers shall not be assigned to each purchase card. The card number itself satisfies the need for an identifier.

c. The disbursing office shall validate each certified billing statement against the corresponding bulk obligation. If no bulk obligation is identified, a simultaneous obligation shall be recorded, in coordination with the purchasing activity, in the activity's official accounting records.

2. Summary Accounting

a. Summary-level financial data shall be used for recording micro-purchases in the official accounting records. The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) does not require purchase details; rather, all that is required is an aggregate amount spent on "micro-purchases."

(1) DoD activities shall summarize disbursing data to preclude any duplication of lines of accounting (LOAs) before submitting certified billing statements and accounting data to the disbursing office for entry into the supporting vendor pay, disbursing and accounting systems. Specifically, DoD activities shall "roll up" disbursing data by LOA to eliminate duplicate LOAs that cite different amounts on one certified billing statement. Approving officials shall ensure complete summarization of billing statements with no duplicate LOAs prior to certification and submission of the billing statements for payment. The following methods may be used to facilitate summary level accounting:

(a) Employ a single LOA per purchase card.

(b) Devise approving official (AO) and cardholder relationships so that, to the maximum extent possible, the resulting purchase card billing statements comprise a single purchase card, or embrace multiple purchase cards citing one LOA.

(c) Use a single object class for all micro-purchases (i.e., "2625") in formal accounting records.

(2) It is acknowledged that local managers and purchase cardholders may need to keep track of individual transactions on a more detailed basis. Therefore, DoD Components shall deploy a cardholder automated purchase card management and reconciliation system that captures detailed transaction data to accommodate the amount of detail needed at the field level. (See paragraph 3, "Automated Purchase Card Management and Reconciliation System.")

b. The level of accounting data summarization must be consistent with the advance reservation of funds and the data for entry into the vendor pay, disbursing and accounting systems in order to maintain positive funds control and prevent unmatched disbursements. In order to preclude unmatched disbursements, each LOA should be identified to the commitment and/or obligation that previously established the reservation of funds for card purchases.

3. Automated Purchase Card Management and Reconciliation System

a. An automated purchase card management and reconciliation system shall be used to track, reconcile and aggregate accounting data for purchase card transactions when there is a requirement to account for purchases at multiple levels (e.g., appropriations, cost centers, reimbursable work orders or object classes). The automated system shall facilitate summarization to the fewest number of LOAs possible and should minimize manual efforts associated with the reconciliation and posting of these financial transactions.

b. The OUSD(C), through the DFAS, will provide and maintain a suite of purchase card management and reconciliation systems to keep track of the purchase card transactions at the field level, on a more detailed basis. Four Component-developed systems are available today for use in tracking purchases, reconciling purchase transactions against credit card billing statements and, ultimately, passing the accounting data electronically to the DFAS. These migration systems are:

- National Imagery and Mapping Agency (NIMA)--formerly Defense Mapping Agency--"Commercial Purchase Card Access Database"
- Military District of Washington "Purchase Card Management System"
- Navy Management Systems Support Office "Purchase Card ADP System" (PADPS)
- Washington Headquarters Services "Automated Purchase Card Reconciliation, Transaction Log, and Cost Distribution System"

c. Each DoD Component shall direct the use of one of these existing automated purchase card management and reconciliation systems for use by all its cardholders within the timeframe specified for implementation of the purchase card contractor's new platform, called the "Corporate Payment System (CPS)." See Purchase Card Reengineering Implementation Memorandum #2.

(1) The DoD Components should not devote resources to the development of new purchase card systems, but should implement one of the existing systems selected in coordination with the Office of the DFAS Deputy Director for Information Management.

(2) Each DoD Component should evaluate the available systems, in coordination with the DFAS, and select the one that best meets its needs. To initiate implementation of a cardholder system, the DoD Component Headquarters should contact the Office of the Deputy Director for Information Management, DFAS/DOUSD, at (703) 607-3964 or DSN 327-3964.

(3) The table at the appendix herein identifies the functionality that should be evaluated by each Component as it considers these systems in coordination with the DFAS.

(4) The DFAS will provide the training necessary to implement one of these systems in each DoD Component.

d. Each of these migration systems needs some upgrading. The USD(C) will fund and accomplish that effort through the DFAS.

(1) The DFAS shall upgrade, maintain and develop the necessary automated interfaces (electronic bridges) to the appropriate financial accounting and disbursing systems for these four cardholder automated purchase card management and reconciliation systems by September 30, 1997.

(2) It is anticipated that data shall be input into an automated system only once and then interfaced to other applications requiring the data (i.e., single source data entry). To this end, the migration cardholder automated purchase card management and reconciliation systems shall enable data to interface with supporting financial systems used within the Department.

e. The DFAS may expand the list of purchase card systems as it identifies and evaluates additional existing systems; however, the DFAS shall be required to support any systems so selected.

4. Payment Certification

a. A trained AO (collaterally appointed as a purchase card certifying officer in accordance with Purchase Card Reengineering Implementation Memorandum #1) shall receive, approve and officially certify payment of each purchase card billing statement.

b. In order to effect purchase card inspicings at the AO level, action shall be taken by DoD Components to designate billing officers and cognizant AOs within the Component's activities, vice DFAS offices, to receive the official purchase card billing statements.

c. Each designated billing officer (AO) shall be delegated the authority to certify official purchase card billing statements pursuant to 31 U.S.C. 3325 (per Purchase Card Reengineering Implementation Memorandum #1), and transmit those billing statements for payment. As stipulated under the "Summary Accounting" section, above, the certifying officer shall ensure that accounting entries are summarized to the maximum extent.

d. The certified billing statement must be received by the disbursing office no later than 15 days (in paper mode) or 20 days (electronically) after the date-stamped as receipt date or the date on the billing statement, as appropriate. In consideration of the activity's processing time, the disbursing office's scheduling time, effective cash management, and provisions of the Prompt Payment Act, the billing statement should be paid on the 23d day. This will allow the payment to be made timely and will maximize, to the extent prudent, the refund offered by the purchase card contractor.

e. Should the certifying officer fail to receive the Statement of Account (SOA) reconciliations from subordinate cardholders in sufficient time to allow for the billing statement to be paid timely (i.e., within 23 days), the billing statement shall be certified in full and forwarded to the disbursing office for payment (in accordance with paragraph D.5., "Delayed Dispute" below). The certifying officer then shall follow up with delinquent cardholders to ensure that the SOA reconciliation is accomplished. The cardholder reconciliation and related processing of disputed

items shall occur no later than the next reporting cycle prescribed under the "Delayed Dispute" section, below.

f. DoD activities shall, to the maximum extent practicable, receive the purchase card billing statement electronically from the purchase card contractor at the designated billing office. Servicing DoD disbursing offices, which process purchase card billing statements, shall receive certified billing statements electronically (to the maximum extent possible) and make payments by electronic funds transfer.

g. Within this reengineered process, the DFAS role will be limited to validating that sufficient funds have been obligated, determining any prompt payment interest and penalties due and paying the billing statement. The DFAS will not replicate the reconciliation process before making payment on certified purchase card billing statements.

h. Until such time as the forthcoming "Payment Certification" procedures are implemented and designated billing office address changes are made, AOs shall use the Business Account Summary Report (R090)--in lieu of the billing statement--to effect certification. [Note: The conversion to the CPS platform will eliminate these distinctions.]

5. Delayed Dispute Procedures

a. Most disputes currently are due to billings being received in advance of verification that goods have been received and accepted. In most cases, receipt and acceptance of the goods is verified before the next billing statement is received.

b. Consistent with the practice adopted in other executive branch agencies, the Department and its Components shall implement a "pay and confirm" process whereby payment of invoices will be made promptly, subject to follow on verification of receipt and acceptance of goods.

(1) A Cardholder Statement of Questioned Items (CSQI) can and should be initiated for any valid dispute. However, except as indicated below, payment for an item not yet received normally should not be withheld merely due to nonreceipt, and no Notification of Invoice Adjustment (NIA) should be submitted.

(2) Billing statements shall be paid in full during the authorized prompt payment window, (i.e., between the 23d and 30th day) in accordance with the Prompt Payment Act and OMB Circular A-125, except for items which are disputed for other reasons.

c. Cardholders initially shall refrain from issuing a CSQI for instances of nonreceipt for recently ordered goods that appear on the bill. The CSQI and subsequent NIA shall not be filed prior to attempts to resolve such cases directly with the vendor. Rather, cardholders should:

(1) Contact the vendor to validate that shipment has been made. [Note: The purchase card is not authorized for use in situations where a merchant bills for ordered goods in advance of shipment or delivery.] For cases of nonshipment, items will be disputed officially only if the merchant fails to credit the account in the next billing cycle.

(2) Make note of the nonreceipt in retained records.

(3) If, by the time of receiving the second billing statement, receipt and acceptance of the goods cannot be verified, the cardholder shall submit a CSQI for preparation of an NIA.

(4) Any remaining discrepancies shall be disputed within 60 days of the billing statement date on which the original billing of the transaction occurred, as provided under the GSA contract.

E. WAIVER PROCESS

1. The OUSD(C) may grant waivers to these policies for contingency operations and for exceptional circumstances.

2. Requests for deviations from, or exceptions to, these policies shall be submitted through, and evaluated by, the applicable Military Department Office of the Assistant Secretary for Financial Management and Comptroller, Defense Agency Comptroller, or equivalent.

3. Waiver requests endorsed by the DoD Component Headquarters shall be forwarded for consideration to the Director for Accounting Policy, Office of the Deputy Chief Financial Officer. Such requests must contain adequate justification and demonstrate the need for a waiver or exception to the specific policy.

F. EFFECTIVE DATE AND IMPLEMENTATION

1. These policies are effective immediately.

2. The Heads of DoD Components shall ensure that these policies are adhered to in day-to-day operations and in the design, modification, and maintenance of the DoD Component's procurement and financial management systems.

Purchase Card Management and Reconciliation Systems

Functionality Characteristics

Functionality	Systems Considered			
	NEMA	MDW	PADPS	WHS
Capable of operating "stand-alone" or in a network environment	•	•	•	•
Contains a reconciliation log/checkbook with programmed edits and automatic draft capability against authorized funding	•	•		•
Contains pull-down menus to enable user to enter transaction information	•	•	•	•
Capable of displaying profile/default information established when account was set up	•	•		•
Capable of ad-hoc reporting using information from the purchase card contractor's database via a DBC interface		•		
Capable of receiving and transmitting data electronically, with data residing at DMDC and accessible by other DoD activities with a PC and system via client/server, Internet connection, or real-time use of a "dumb terminal" using character-based software for direct on-line access to the DMDC database	**	**	**	**
Allows cardholders to approve or dispute transactions on line	**	**	**	**
Capable of automatic matching of cardholder's automated transaction record/log with contractor's "statement of account" and generates discrepancy report		•		•
Allows electronic routing of reconciliation "statements of account" to each cardholder's designated billing office		•	•	
Capable of automatic consolidation of transactions by appropriation	•	•		•
May be customized to accommodate unique core data collection and reporting requirements of the Department as well as specialized needs of end-user	•	•	•	•
Contains password/security protection	•	•	•	•
Capable of automated interface with logistics systems			•	
Capable of automated interface with accounting system	•	•	•	•

• Under development

** Targeted for development, as appropriate